



The Commonwealth of Massachusetts
Department of the State Treasurer
Alcoholic Beverages Control Commission
Chelsea, MA 02150

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ALCOHOLIC BEVERAGES CONTROL COMMISSION

FISCAL YEAR 2019 ANNUAL REPORT

The Alcoholic Beverages Control Commission (the “ABCC” or “Commission”) helps safeguard the people of Massachusetts against a wide variety of public safety threats that can arise from the illegal use of alcoholic beverages, such as underage drinking and service to intoxicated persons. The ABCC has prevented thousands of underage individuals from possessing or transporting alcoholic beverages, thousands of adults from unlawfully procuring alcohol for these underage individuals, and hundreds of individuals from possessing false identification. The ABCC has repeatedly received national awards and recognition for innovation and effectiveness.

Over the past several years, the ABCC has concentrated on achieving several goals, including:

- streamlining the application and licensing process;
- enhancing transparency for all stakeholders;
- increasing communication and collaboration with all the municipalities;
- building strong relationships with other agencies; and
- utilizing technology to assist with limited resources.

In fiscal year 2019, the Commission generated approximately \$4,957,500.14 in revenue for the Commonwealth. The ABCC also assisted the Department of Unemployment Assistance, the Department of Industrial Accidents, the Massachusetts Lottery, and the Department of Revenue in collecting \$5,955,605.33 in back tax payments and penalties. These results were achieved with an annual budget of \$3,700,000, twenty-eight employees, and the fifth lowest ratio of enforcement agents to licensees in the country.

In accordance with the provisions of Section 71 of Chapter 10 of the General Laws, as amended, we have the honor to produce the annual report of the Alcoholic Beverages Control Commission detailing the conduct and condition of traffic in alcoholic beverages during the **fiscal year ending June 30, 2019**. Below please find a statement of the income generated by fees for licenses and permits issued by the Commission under Chapter 138 of the General Laws, as amended. The report includes the number and type of all alcoholic beverages licenses issued in **calendar year 2018**.

Financial Statement:

Summary of Income Received in Fiscal Year 2019 from Fees for Licenses and Permits
Issued by the Commission under Chapter 138 of the General Laws

Manufacturers' License Fees	§19, all alcohol	\$305,560
	§19, wine and malt beverages	
	§19E, distilleries	
	§19C, breweries	
	§19B, wineries	
	§19D, pub brewery	
	§19F, winery shipment	
Wholesalers' and Importers' License Fees	§18, all alcoholic beverages	\$1,026,269
	§18, wine and malt beverages	
	§18, sacramental wines	
Retail Alcohol Application Fees	§12, on-premises	\$672,985
	§15, off –premises	
	Additional Package Store	
Agents,' Brokers' or Solicitors License Fees	§18A	\$349,000
Railroad License Fees	§13, railroad master	\$5,500
	§13, railroad cars	
	§22, railroad cargo	
Airplane License Fees	§13, airline master	\$34,850
	§13, airline flights	
	§22, airline cargo	
Ship License Fees	§13, ship master	\$68,000
	§13, ship chandler	
	§22, ship cargo	
Commercial License Alcohol Fees	§76	\$1,500
Special Permit License Fees	§22A, import household effects/gifts	\$26,467.69
	charity wine	
	§22A, license inventory liquidation	
	§22A Consumer Research Permits	
Storage Permit Fees	§20, bonded	\$84,300
	§20A, public	
	§20, storage	
	§Registration Certificate of Compliance	
Transportation Permit Fees	§22, transportation and delivery	\$590,670
	§22, express company permits	
Salesman Permit Fees	§19A	\$742,551
Caterer's License	§12C	\$167,850
Certificates of Compliance Fees	§18B	\$804,300
Fine in Lieu of Suspension Fees		\$24,904.95
Miscellaneous Income		\$52,795.50
Total Receipts		\$4,957,500.14

Additional Income to the Commonwealth: As stated previously, in fiscal year 2019, with the Commission's assistance, the Lottery, Departments of Unemployment Assistance (DUA) and Revenue (DOR) collected taxes from delinquent licensees in the amount of \$5,955,605.33 from Massachusetts alcoholic beverages licensees.

Alcoholic Beverages Licenses & Permits Issued For Calendar Year 2018:

Type	# Issued	Category
Manufacturers' License	3	§19, all alcohol
	6	§19, wine and malt beverages
	34	§19E, distilleries
	163	§19C, breweries
	102	§19B, wineries
	33	§19D, pub brewery
	1,115	§19F, winery shipment
Wholesalers' and Importers' License	84	§18, all alcoholic beverages
	81	§18, wine and malt beverages
	4	§18, sacramental wines
Retail Alcohol License	9,693	§12, on-premises
	3,202	§15, off -premises
	30	Additional Package Store
Agents,' Brokers' or Solicitors License	67	§18A
Railroad License	4	§13, railroad master
	70	§13, railroad cars
	0	§22, railroad cargo
Airplane License	14	§13, airline master
	566	§13, airline flights
	2	§22, airline cargo
Ship License	84	§13, ship master
	1	§13, ship Chandler
	0	§22, ship cargo
Commercial License Alcohol	3	§76
Special Permit License	56	§22A, import household
	439	Extension of dockside service
	78	charity wine
	11	§22A, license inventory
	11	§22A Consumer Research
Storage Permit	0	§20, bonded
	22	§20A, public
	25	§20, storage
Transportation Permit	4,148	§22, transportation and delivery
	8,567	§22, express company permits
Salesman Permit	2,329	§19A
Certificates of Compliance	2,716	§18B
Caterer's Section 12C License	93	§12C

Total Licenses, Permits and Certificates Active in 2018: 33,856.

Commission Hearings:

The ABCC conducts hearings for charges filed by Commission Investigators; license applications; licensees that are delinquent in taxes due DOR, DUA or lottery proceeds; industry franchise cases; and administrative appeals for licensees aggrieved by a decision of the local licensing authorities. The Commission scheduled 335 and conducted 200 hearings in calendar year 2018. Below are the hearing types.

Hearing Type	
Violation	147
Informational (license applications)	13
Appeals	28
Tax /Lottery	2
Public Hearing	0
25E	10
Withdrawn	35
Continued	102

Investigation and Enforcement Division:

Special Investigators of the Investigation and Enforcement Division are appointed by the Commission pursuant to M.G.L. c. 10, § 72. Accordingly, Investigators are authorized and directed, pursuant to M.G.L. c. 138, § 56, to make all needful and appropriate investigations to enforce the Liquor Control Act.

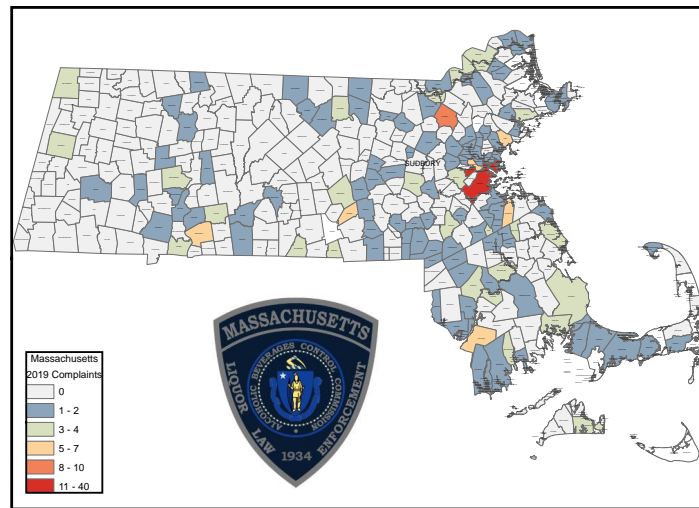
Pursuant to this statutory mandate the Enforcement Division objectives include the following: 1) To prevent the sale or delivery of alcoholic beverages to underage individuals; 2) To prevent the sale or delivery of alcoholic beverages to intoxicated individuals and potential impaired drivers; 3) To prevent the sale of alcoholic beverages that are illegally imported or purchased from an illegal source and to prevent the tampering or dilution of alcoholic beverages; 4) To prevent illegal gambling on licensed premises; 5) To prevent the sale, delivery or use of illegal narcotics on licensed premises; 6) To prevent unlawful ownership of licensed establishments by individuals or criminal organizations; 7) To provide suppliers, wholesalers and retailers of the alcoholic beverage industry with a fair and even playing field to conduct their licensed business; 8) To prevent unlawful Inter-state sale and transportation of alcoholic beverages; 9) To ensure the lawful sale and delivery of wine by Direct Wine Shippers pursuant to M.G.L. c. 138, § 19F; and 10) To prevent unlawful Trade practices in the alcoholic beverage industry.

Reports on arrest data have established that seventy-five to eighty percent of violent crimes, such as assaults and domestic violence, are alcohol related. It is the overall goal of this Division to impact public safety and the quality of life in our communities through effective alcohol enforcement strategies to reduce alcohol related crimes and traffic crashes. This Division has established effective enforcement programs to address alcohol related problems throughout the commonwealth. These programs have received the following national recognition for their innovation and effectiveness: National Liquor Law Enforcement Association Award for enforcement efforts in Lawrence Massachusetts; National Liquor Law Enforcement Association Enforcement Agency of the Year Award; National Conference of State Liquor Administrators “Innovations in Health and Safety” Award; President’s Award from the National Chapter of Mothers Against Drunk Driving; Recognized as a National Success Story by the United States Justice Department; National Liquor Law Enforcement Association Agent of the Year.

Complaints

In 2019, there were 295 complaints filed with the Commission relative to, but not limited to, the sale of alcohol to underage or intoxicated individuals, illegal gambling activity, illegal alcoholic beverages, illegal narcotics activity and unlawful ownership. Complaints are received primarily from the general public, industry members, municipal and state police and state agencies.

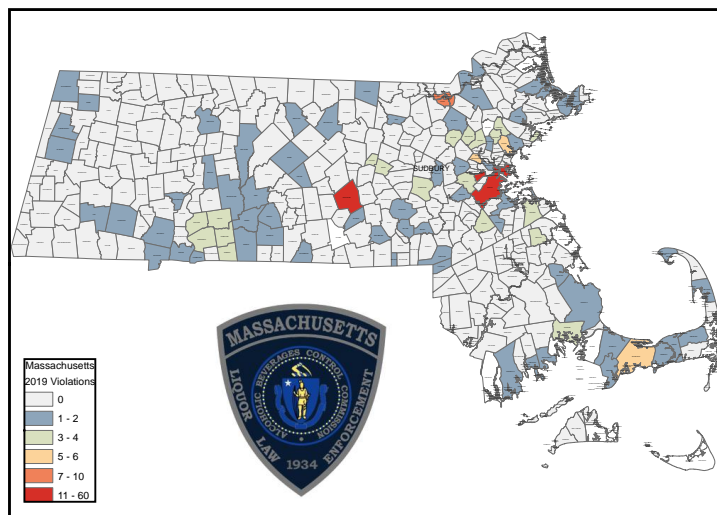
Complaints	Total	Liquor Control Act	Sale to Minor	Sale to Intoxicated	Gambling	Narcotics	Tampering	Ownership	Taxes
2009	475	160	85	70	70	5	60	10	15
2010	542	208	95	38	47	9	49	6	85
2011	561	219	91	78	101	4	47	3	45
2012	525	215	95	82	43	5	26	1	58
2013	460	188	70	62	33	4	34	0	69
2014	344	133	70	40	30	4	46	0	21
2015	293	122	60	48	19	0	37	0	7
2016	298	145	59	45	26	2	21	0	0
2017	278	132	59	34	20	3	27	5	5
2018	349	168	78	46	21	1	34	0	1
2019	295	132	59	57	10	5	38	5	5
Total	4420	1822	821	600	420	42	419	30	311



Liquor Control Act Violations

In 2019 the Enforcement Division conducted operations in over 200 municipalities throughout the commonwealth, filing 193 reports detailing approximately 319 violations of the Liquor Control Act that included, but were not limited to, the sale of alcohol to underage or intoxicated individuals, illegal gambling, illegal alcoholic beverages, criminal ownership of licensed premises, and unlawful trade practices.

Violations	Total	Liquor Control Act	Sale to Minor	Sale to Intoxicated	Gambling	Narcotics	Tampering	Ownership	Taxes	Trade
2015	221	25	98	15	18	0	24	11	30	8
2016	290	18	218	3	35	0	4	3	9	1
2017	247	3	223	21	7	1	1	5	6	1
2018	273	17	209	9	9	0	16	4	8	1
2019	319	0	225	21	0	0	6	5	6	5
Total	1350	63	973	69	69	1	51	28	59	16

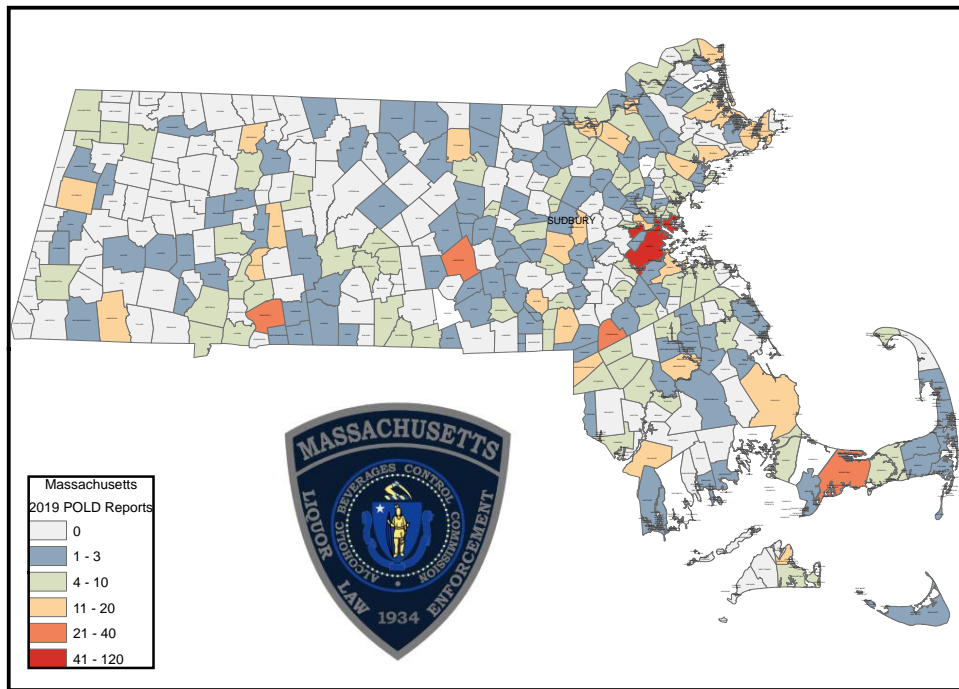


Data Driven Impaired Driving Prevention

Place of Last Drink (POLD) reports are filed with the Commission pursuant to M.G.L. c. 90, § 24J, which requires that “In every case of a conviction of or a plea of guilty to a violation of operating a motor vehicle under the influence of intoxicating liquor, *the court shall inquire of the defendant, before sentencing, regarding whether he was served alcohol prior to his violation of said section at an establishment licensed to serve alcohol on the premises and the name and location of said establishment. Any information so acquired by the court shall be transmitted to the alcohol beverage control commission*”. In 2019 there were approximately 1,300 § 24J reports filed with the Commission.

The Enforcement Division utilizes this data to determine the establishments that have been identified in the highest number of § 24J reports and thus pose a greater risk to public safety. In addition to this data, information is received from police departments that can identify alcohol related harm, on the roads and highways as well as other alcohol related criminal activity, which appears to originate from specific licensed premises. Enforcement operations are scheduled accordingly and if an establishment is found to have served alcohol to an intoxicated individual, Investigators charge the retail establishment with M.G.L. c. 138, § 69, and arrange for safe transportation or protective custody for the individual. Division data indicates that this enforcement results in a dramatic reduction in the number of OUI arrests associated with the establishments that are subject to this enforcement.

The National Transportation Safety Board (NTSB) held hearings, where Chief Frederick Mahony testified on this program, demonstrating that the use of POLD data to guide enforcement efforts led to a reduction in OUI arrests associated with licensed premises that were targeted for intervention. As a result, the NTSB stated in their Safety Recommendation to the National Highway Traffic Safety Administration (NHTSA), “*An essential part of any arrest or accident investigation involving an alcohol-impaired driver should include an assertive effort by law enforcement officers to determine the location where the impaired driver had been served alcohol. This information is useful to state alcohol law enforcement authorities conducting enforcement actions to deter future violations.*”



In 2019 the Enforcement Division, in coordination with NHTSA Impaired Driving Crackdowns, conducted these enforcement and high visibility operations to deter impaired driving throughout the commonwealth. Of the approximately 2004 licensed premises investigated, 36 charges and 264 warnings were issued pertaining to the sale of alcoholic beverages to an intoxicated person; 49 charges and 5 warnings were issued pertaining to associated issues such as sale to a minor, overcrowding or open bar regulations.

Minimum Purchase Age Compliance Checks

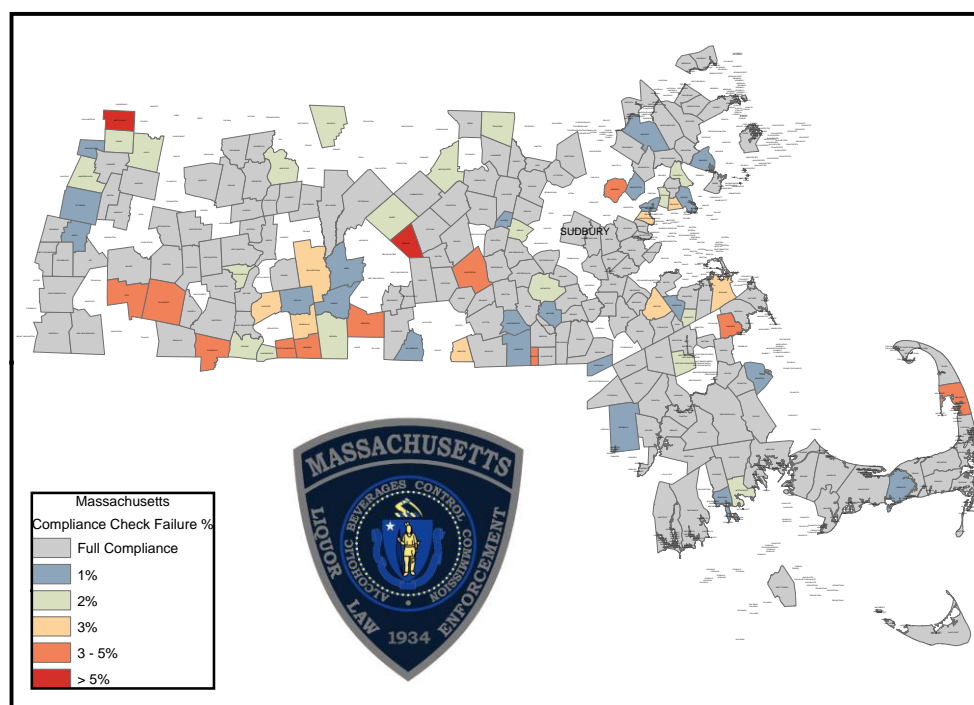
The objective of this program is to prevent the sale of alcoholic beverages to underage individuals by licensed establishments throughout the Commonwealth. The primary focus is to educate licensees and to increase their vigilance in the checking of identification. To achieve this objective the Investigation and Enforcement Division conducts Compliance Check enforcement, often in cooperation with the Community Groups and Police Departments.

Since 2009, when the Enforcement Division enhanced the compliance check program, it has conducted compliance checks at 25,151 licensed establishments, of which 914 failed (4%). This represents a 50% decrease in the failure rate since the program began in 2001 and places Massachusetts in front of the national average success rate of 84%.

Previous Compliance Check results include the following: 2018 – 134 municipalities, 1699 establishments checked with 45 violations (3%); 2017 – 254 municipalities, 3198 establishments checked with 96 violations (3%); 2016 – 264 municipalities, 3177 establishments checked with 114 violations (4%); 2015 – 210 municipalities, 2155 establishments checked with 35 violations (2%); 2014 - 230 municipalities, 2178 establishments checked with 63 violations (3%); 2013 - 251 municipalities, 2686 establishments checked with 72 violations (3%); 2012 - 236 municipalities, 2287 establishments checked with 78 violations (3%); 2011 - 201 municipalities, 1975 establishments checked with 135 violations (7%).

In 2019, the Enforcement Division conducted Compliance Checks in 224 municipalities across the commonwealth. There were 2756 licensed establishments checked, of which 96 failed (3%). Of

these licensees, there were 1088 off-premise licensees checked of which 61 failed (6%); and 1668 on-premise licensees checked of which 35 failed (2%).



Enhanced Liquor Enforcement Programs

Massachusetts has the fifth lowest ratio of enforcement agents to licensees in the country. Accordingly, the Division has developed Enhanced Liquor Enforcement Programs that are scheduled to address specific geographic and seasonal challenges relating to underage drinking and impaired driving, as well as alcohol related community problems.

Operation Safe Campus is conducted retail establishments in college communities over a 6-week period at the beginning of each school year; Operation Safe Prom and Graduation is conducted at liquor stores throughout the commonwealth over an 8-week period during May and June; Operation Safe Summer is conducted at retail establishments in summer communities over a 6-week period during July and August, and Operations Safe Holidays is conducted at liquor stores throughout the commonwealth from Thanksgiving through December 31st.

To encourage family involvement and intervention in addressing the problem of underage drinking, the Division maintains a parent notification program to inform parents, at the time of the incident, of the situation in which their child is involved. Investigators have found this intervention to be very effective and well received by parents.

In 2019 these programs produced the following results: 1,226 minors in possession or transporting alcoholic beverages; 127 adults procuring alcohol for minors; 232 individuals in possession of false identification; with 337 cases of beer and 230 bottles of alcohol confiscated by Investigators, preventing delivery to approximately 3,648 underage individuals.

Since 2005 these programs have resulted in the following cumulative results: 10,846 minors in possession or transporting alcoholic beverages; 3,422 adults procuring alcohol for minors; 1,389

individuals in possession of false identification; and 5,038 cases of beer and 4,356 bottles of alcohol were confiscated, preventing delivery to approximately 68,668 underage individuals.

Source Investigations

Source Investigations are conducted to investigate alcohol-related motor vehicle accidents that result in death or serious bodily injury and alcohol-related incidents that involve persons under the legal age; to discover the source of the alcoholic beverages consumed by the individual(s) involved in the incident and investigate whether the source of the alcohol violated Massachusetts law. By holding accountable licensed establishments that provide alcohol to minors or over serve their patrons, our goal is to see a reduction in the number of licensees selling alcohol to minors and intoxicated patrons – and, ultimately, fewer incidents and motor vehicle accidents in Massachusetts.

Illegal Gambling Enforcement

The Enforcement Division conducts enforcement operations to prevent illegal gambling, primarily through the use of electronic video devices, at licensed establishments throughout the commonwealth.

Illegal Ownership - Control Enforcement

In 2019 the Enforcement Division conducted several investigations into unlawful ownership or control over retail establishments throughout the commonwealth. Investigators endeavor to ensure that licensees have disclosed and received approval for all persons who have a direct or indirect financial or beneficial interest in a license, and to prevent individuals or organizations from controlling a licensed business for unlawful purposes.

Cooperative Enforcement Operations with Municipal and State Law Enforcement

The Enforcement Division works in cooperation with municipal and state law enforcement agencies in order to obtain optimal enforcement coverage. Most often these efforts are generated through requests for assistance from municipal police chiefs who have problematic licensees in their communities.

In 2019 the Division conducted enforcement operations at concert and sports venues in cooperation with municipal, state and county law enforcement agencies, as well as with the assistance of venue management. ABCC enforcement includes area liquor stores prior to the event, parking lot enforcement up until the beginning of the event and then enforcement within the licensed premises. The Division conducted these operations at the Xfinity Center, Gillette Stadium and Fenway Park and the results of these enforcement operations included: 908 minors in possession of alcohol; 61 furnishing alcohol to minors; numerous medical, intoxicated or incapacitated assists as well as the seizure of 119 bottles of alcohol and 210 cases of beer, preventing delivery to approximately 2,030 underage individuals.

License Application Investigations

In 2019 the Enforcement Division completed approximately 3,208 investigations of license applicants to ensure compliance with the Liquor Control Act and to ensure satisfactory character and fitness of the applicants.

Commission Outreach Seminars

The ABCC utilizes our specialized knowledge regarding alcoholic beverages to provide training services to a multitude of audiences. We provide educational training seminars for local licensing authorities, police departments, and state and federal agencies.

In FY 2019, the ABCC conducted 14 outreach seminars focusing on e-licensing, licensing, and compliance issues. 542 individuals attended these seminars, representing 329 municipalities, from every county in the Commonwealth.

Legislative Changes:

During fiscal year 2019, twenty-four bills were enacted regarding alcoholic beverages licenses. The Legislature and the Governor's Office requested that the Commission provide comments on the background and legality of these bills. Each of these bills falls into one or more of three categories: a) excess quota licenses; b) conversion of wine/malt licenses to all alcohol licenses; and c) ballot questions regarding additional retail licenses.

The enacted Bills addressed one of these four categories as follows:

- A. Twenty Bills¹ created excess quota licenses in sixteen different communities² through the communities' exercise of their right to "home-rule" as it exists under the Massachusetts Declaration of Rights. These bills accounted for the addition of eighty all-alcohol Ch. 138, §12 (on-premises) licenses, two wine and malt Ch. 138, §12 (on-premises) licenses, three all-alcohol Ch. 138, §15 (off-premises) licenses, and three wine and malt Ch. 138, §15 (off-premises) license in the Commonwealth;
- B. One Bill in one community³ authorized the conversion of a wine and malt § 15 license (off-premises) to an all alcohol license; and
- C. Three Bills in three communities⁴ created ballot questions on whether to create additional retail licenses in their communities.

Legislative Recommendations

The Commission makes the following legislative recommendations regarding the traffic and conduct of the beverages alcohol licenses industry in the Commonwealth.

- Charity Auction Permits and Charity-Partnership Pouring Permits

Since the Acts of 1997, Chapter 153, charities could obtain permits to hold wine auctions and fundraisers, and since the Acts of 1998, Chapter 450, charities could partner with corporate partners to obtain a pouring permit for fundraising events. Because these Acts contained sunset provisions, they were renewed in the Acts of 2002, Chapter 398; the Acts

¹ Acts of 2018, Chapters 149, 167, 236, 245, 246, 253, 268, 306, 310, 323, 326, 327, 328, 351, 361, 362, 402, 403, 413, 414, 432, and 447.

² Ayer, Berkley, Beverly, Brookline, Dedham, Dracut, Foxborough, Harwich, Hatfield, Marlborough, Montague, Norwood, Otis, Sturbridge, Tyngsboro, and Wareham.

³ Holliston, Acts of 2018, Chapter 145.

⁴ Arlington, Acts of 2018, Chapter 310; Stoneham, Acts of 2018, Chapter 413; and Rockport, Acts of 2019, Chapter 12.

of 2007, Chapter 229; and the Acts of 2012, Chapter 405. The sunset provision of the Acts of 2012, Chapter 405, expired on January 1, 2018, and no new legislation has been passed. The Commission recommends the passage of legislation in Chapter 138 to permanently codify the Charity Auction Permits and Charity-Partnership Pouring Permits.

- Criminal Background Checks for License Applicants

M.G.L. c 138, §12, provides that “No license shall be issued to any applicant who has been convicted of a violation of a federal or state narcotic drugs law”; M.G.L. c. 138, §15, provides that “No license shall be issued to any applicant who has been convicted of a felony”; and c. 138, §26 provides that “such manager or representative is, with respect to his character, satisfactory.”

The current Commission has implemented several changes to enhance criminal background checks, including the submission of Massachusetts criminal records through electronic processing which provides almost immediate reporting for all individuals with a beneficial interest in a license. However, the Commission does not have the authority to obtain national criminal record offender information, and as a result, the current system is inadequate to ensure that all proposed applicants meet the statutory requirements to hold a license.

In order for this agency to obtain national criminal record information, legislation must be enacted which authorizes the agency to obtain this information.

- Direct Wine Shipper License

The Acts of 2006, Chapter 33, created the Direct Wine Shipper license, M.G.L. c. 138, § 19F. It permitted certain wineries to ship “wine or winery products produced by the winery” directly to consumers. After the law was struck down as violative of the commerce clause, the legislature hastily rewrote the law to come into compliance with the Constitution. However, it appears that in its haste, it eliminated the requirement that the winery can only ship wine it makes. By the Acts of 2014, Chapter 165, § 162, certain wineries now can ship wines made not only by themselves, but by other wineries as well. This is reflected by the current language that certain wineries “may make sales and delivery of wine directly to residents of the commonwealth” The Commission recommends a return to the original intent of the direct wine shipper license, by reverting to the original language that permitted wineries to ship “wine or winery products produced by the winery” only, and brings attention to pending legislation to address this, HD1610, “An Act relative to the direct wine shipper license.”

- Safety and Authority of Commission Investigators

M.G.L. c. 10, § 72, authorizes the appointment of ABCC Investigators for the purpose of enforcing the penalties provided by law against every person who is guilty of a violation of M.G.L. c. 138 of which they can obtain reasonable proof, and further states that said Investigators, “shall make all necessary and appropriate investigations for that purpose.” In addition, this section mandates that each person appointed as an investigator shall complete a basic reserve police officer training course through the criminal justice training council, and shall attend a basic training course conducted by the Commission, and that all investigators shall attend an annual in-service training course pursuant to this section. Commission investigators are further obligated by M.G.L. c. 138, § 56, to make all needful and appropriate investigations to enforce the penalties provided by law against every

person who is guilty of a violation of this chapter and provides the Investigators with powers of arrest for violations of M.G.L. c. 138.

However, the statute does not address the issue of an investigator's authority when confronted with a volatile situation. The Commission has concerns regarding the safety of its investigators who are consistently investigating licensed premises at late hours, which may involve inebriated individuals in dangerous situations. In order to mitigate this situation, and attempt to enhance the investigators' safety, the Commission has adopted a practice of having the investigators appointed and sworn as Deputy Sheriffs in several counties. However, this process is time consuming and logistically challenging. In addition, not all counties allow this.

In order for this agency to protect the safety of its investigators, legislation must be enacted that authorizes investigators to have all the power of a police officer in a city or town, with reference to enforcement of the laws, excluding M.G.L. c. 90. At the agency's request, Senate Bill 203 was filed and is pending before the legislature.

- **Criminal Background Prohibitions for License Applicants**

M.G.L. c. 138, § 12, provides that, "No license shall be issued to any applicant who has been convicted of a violation of a federal or state narcotic drugs law": M.G.L. c. 138, § 15, provides that "No license shall be issued to any applicant who has been convicted of a felony" and M.G.L. c. 138, § 26, provides that "such manager or representative is, with respect to his character, satisfactory."

The current statute has not been reviewed in decades, and its language can cause harsh results. For example, the current statute would prohibit an applicant with a 50-year-old drug conviction from opening a business with a §12 liquor license, but it would not prohibit an applicant with other serious felony convictions from holding the same license.

In a growing world with an aging population, it would be helpful for the Commission to have discretion in considering an individual's criminal offender record information. Accordingly, the Commission recommends that §§ 12, 15, and 26 be amended to mirror M.G.L. c. 23K, the "casino" statute, which allows for the Commission to consider the applicant's rehabilitation and whether such conviction should be an automatic disqualification under this section. In considering the rehabilitation of an applicant, the Commission shall not automatically disqualify an applicant if the applicant affirmatively demonstrates, by clear and convincing evidence, that the applicant has financial responsibility, character, reputation, integrity, and general fitness as such to warrant belief by the Commission that the applicant will act honestly, fairly, soundly and, efficiently as a licensee.

Farmer Brewery and Farmer Distillery Enterprises

The current Farmer Brewery and Farmer Distillery definitions do not meet the growing and changing industry. Accordingly, the Commission recommends that the following legislation be enacted:

Section 1 of c. 138 of the General Laws, as so appearing, is hereby amended by deleting "Farmer-brewer", any person who grows cereal grains or hops for the purpose of producing malt beverages and who is licensed to operate a farmer-brewery under §19C;" and inserting in its place the following:—"Farmer-brewer", any person who grows, imports, or otherwise obtains

cereal grains or hops for the purpose of producing malt beverages, and who is licensed to operate a farmer-brewery under §19C.

Section 1 of c. 138 of the General Laws, as so appearing, is hereby amended by deleting “Farmer-brewery”, any plant or premise where malt beverages are produced from the fermentation of malt with or without cereal grains or fermentable sugars, or of hops, provided that said hops or cereal grains are grown by the farmer-brewer, and inserting in its place the following:— “Farmer-brewery”, any plant or premise where malt beverages are produced from the fermentation of malt with or without cereal grains or fermentable sugars, or of hops.

Section 1 of c. 138 of the General Laws, as so appearing, is hereby amended by deleting “Farmer-distiller”, a person who grows fruits, flowers, herbs, vegetables, cereal grains or hops for the purpose of producing alcoholic beverages and who is licensed to operate a farmer-distillery under section 19E.” and inserting in its place the following: -- “Farmer-distiller,” any person who grows, imports, or otherwise obtains grows fruits, flowers, herbs, vegetables, cereal grains or hops for the purpose of producing alcoholic beverages and who is licensed to operate a farmer-distillery under section 19E.

- Civil Citations for Violations of Chapter 138, §§ 34, 34A, 34B and 34C

The current statute provides for criminal penalties for violations of §§34, 34A, 34B and 34C. To file criminal charges against the thousands of individuals found in violation of these statutes would not be feasible given the current Commission resources. Further, it would result in a criminal record for young people found violating these minor offenses. However, the most common complaint heard from industry retailers is that they are subject to administrative penalties and the underage person that initiated the violation does not receive any consequences for their actions. Many states allow for civil citations to be issued by liquor enforcement officers. Accordingly, the Commission recommends that the following legislation be enacted:

Section 2 of c. 138 of the General Laws, as so appearing, is hereby amended by inserting the following:

As an alternative to initiating criminal proceedings for violations of sections 34, 34A, 34B, and 34C of chapter 138, any investigator of the Commission may issue a civil citation for violations of said laws in the amount of the criminal fine provided for said violation, to be paid within 21 days of the date of issuance of such citation. Any person aggrieved by any citation issued pursuant to this section may appeal said citation by filing a notice of appeal with the Commission within seven days of the receipt of the citation. Any such appellant shall be granted a hearing before the Commission in accordance with chapter 30A. The Commission may affirm, vacate or modify the citation. Any person aggrieved by a decision of the Commission may file an appeal in the superior court pursuant to the provisions of said chapter 30A. If a person fails to comply with the requirement set forth in any citation issued pursuant to this section, or shall fail to pay any civil penalty provided thereby within 21 days of the date of issuance of such citation, or within 30 days following the decision of the Commission if such

citation has been appealed, excluding any time during which judicial review of the Commission's decision remains pending, the Commission may apply for a criminal complaint against such person for the violation, or may initiate a civil action in the district court. All monies collected by the Commission under said civil citations shall be credited to the general fund.

The ABCC's Current 3-Year Priorities

Over the last several years, the ABCC, in conjunction with other state agencies, procured and implemented the Accela e-licensing platform, and implemented a document management system. These two projects have provided ABCC staff the ability to review applications and documents online, while working in the office or remotely in the field. This capability has reduced the time spent processing applications and amendments and has allowed staff to access documents on demand. Updating and refining the electronic and remote working software and the application process continues to be a priority.

Previous state reports have concluded that the ABCC's license and fee revenue and the impact on recovering unpaid taxes is financially advantageous to the Commonwealth. The ABCC will continue to work with state agencies to aid in the collection of required taxes and fees. Millions of dollars have been recovered through these inter-agency partnerships. This collaboration will continue to provide results and be a priority into the future.

The revenue generated by the ABCC far exceeds its budget and the agency makes every effort to play a vital role in public safety, while also continually working to improve upon service provided to stakeholders.

The ABCC's current 3-Year Priorities include:

Licensing

- Continued use and expansion of e-Licensing
- Expanded (national) CORI checks
- Faster turnaround through capacity and process/technology improvements
- Electronic document management

Enforcement

- Create Enforcement Division rank structure
- Increase ratio of Investigators to licensees
- Collaboration with the Gaming Commission for its role in casinos
- Effective media strategy to amplify deterrence of illegalities

Training & Technical Assistance

- New training program for Licensees
- Increased training for local law enforcement
- Increased training for local boards and attorneys, including those serving as town counsel
- Additional Staff Training

Dispute Resolution

- Faster decisions

Legal Services

- Additional training for investigators

Internal

- Staff (capability and capacity) expansion
- Public relations function as deterrent
- Improved internal communications

The ABCC has accomplished many of these goals, as set forth herein.

Commission Initiatives:

- **E-licensing Project Update**

State and retail license applications/amendments are processed through e-licensing. The system allows documents to be stored and reviewed online. Approvals are e-mailed to the stakeholders to reduce time and assist businesses. We continue to work towards refining the process in an effort to make it easier for staff and the general public, and to decrease application processing times.

- **Electronic Document Management System & Scanning and Conversion**

The ABCC and ITD started two separate procurement processes in fiscal year 2014: one from ITD for an enterprise-wide, cloud hosted Electronic Document Management System and another from the Commission for the scanning and conversion to electronic version of all of its' paper documents. Much progress has been made in both areas. The enterprise-wide, cloud hosted EDM System, OnBase, was completely configured to meet the needs of the ABCC and is running on all agency computers.

The scanning and electronic capture project was completed in calendar year 2016. In total, over 22,000 license files were scanned which included approximately 4.6 million documents.

Investigators now have unprecedented search capabilities and can gather information faster and more accurately than they could in the previous, paper-based system. All agency staff can electronically "pull files" without ever having to leave their desk, making both the licensing process and investigation process much faster and more efficient than ever before.

General Remarks:

We wish to express our appreciation to the Local Licensing Authorities for their cooperation and assistance with the administration of the Liquor Control Act. We also want to express our appreciation to the members of House of Representatives and the Senate and particularly the Joint Legislative Committee on Consumer Protection and Professional Licensure for the courtesy which they have shown us and for the earnest and sincere manner in which they approached consideration of proposed amendments to the Liquor Control Act.

Respectfully Submitted,

ALCOHOLIC BEVERAGES CONTROL COMMISSION

A handwritten signature in black ink, reading "Jean M. Lorizio". The signature is written in a cursive, flowing style with a large initial "J" and "L".

Jean M. Lorizio, Esq., Chairman